

AMENDED IN SENATE JULY 2, 2001

AMENDED IN ASSEMBLY APRIL 16, 2001

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

ASSEMBLY BILL

No. 184

Introduced by Assembly Member Liu
(Coauthors: Assembly Members ~~Chavez~~ Aanestad, Chavez,
***Hollingsworth*, and Wyman**
(Coauthors: Senators Costa and ~~Kuehl~~), Kuehl, and Speier)

February 7, 2001

An act to amend ~~Section~~ *Sections 70 and 74.5* of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 184, as amended, Liu. Seismic improvements.

The California Constitution generally limits ad valorem taxes on real property to 1% of the full cash value of that property. For purposes of this limitation, “full cash value” is defined as the assessor’s valuation of real property as shown on the 1975–76 tax bill under “full cash value” or, thereafter, the appraised value of that real property when purchased, newly constructed, or a change in ownership has occurred. The California Constitution authorizes the Legislature to exclude from *classification as* “new construction” requiring reappraisal the construction or installation in existing buildings of certain seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies.

This bill would revise the definitions of “seismic retrofitting improvements” and “improvements utilizing earthquake hazard

mitigation ~~technologies.~~” *technologies” and would revise the time period for filing the certificate of compliance issued by a local agency, specifying that the reconstruction or improvement is in accordance with a seismic safety ordinance.*

Section 2229 of the Revenue and Taxation Code requires the Legislature to reimburse local agencies annually for certain property tax revenues lost as a result of any exemption or classification of property for purposes of ad valorem property taxation.

This bill would provide that, notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for property tax revenues lost by them pursuant to the bill.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. *Section 70 of the Revenue and Taxation Code is*
2 *amended to read:*

3 70. (a) “Newly constructed” and “new construction”
4 means:

5 (1) Any addition to real property, whether land or
6 improvements (including fixtures), since the last lien date; and

7 (2) Any alteration of land or of any improvement (including
8 fixtures) since the last lien date that constitutes a major
9 rehabilitation thereof or that converts the property to a different
10 use.

11 (b) Any rehabilitation, renovation, or modernization that
12 converts an improvement or fixture to the substantial equivalent
13 of a new improvement or fixture is a major rehabilitation of that
14 improvement or fixture.

15 (c) Notwithstanding the provisions of subdivisions (a) and (b),
16 where real property has been damaged or destroyed by misfortune
17 or calamity, “newly constructed” and “new construction” does
18 not mean any timely reconstruction of the real property, or portion
19 thereof, where the property after reconstruction is substantially
20 equivalent to the property prior to damage or destruction. Any
21 reconstruction of real property, or portion thereof, that is not
22 substantially equivalent to the damaged or destroyed property,

shall be deemed to be new construction and only that portion that exceeds substantially equivalent reconstruction shall have a new base year value determined pursuant to Section 110.1.

(d) (1) Notwithstanding the provisions of subdivisions (a) and (b), where a structure must be improved to comply with local ordinances on seismic safety, “newly constructed” and “new construction” does not mean the portion of reconstruction or improvement to a structure, constructed of unreinforced masonry bearing wall construction, necessary to comply with the local ordinance. This exclusion shall remain in effect during the first 15 years following that reconstruction or improvement (unless the property is purchased or changes ownership during that period, in which case the provisions of Chapter 2 (commencing with Section 60) of this division shall apply).

(2) In the sixteenth year following the reconstruction or improvement referred to in paragraph (1), the assessor shall place on the roll the current full cash value of the portion of reconstruction or improvement to the structure that was excluded pursuant to this subdivision.

(3) The governing body that enacted the local ordinance shall issue a certificate of compliance upon the request of the owner who, pursuant to a notice or permit issued by the governing body that specified that the reconstruction or improvement is necessary to comply with a seismic safety ordinance, so reconstructs or improves his or her structure in accordance with the ordinance. The certificate of compliance shall be filed by the property owner with the county assessor ~~on or before the following April 15. The provisions of this subdivision shall not apply to any structure for which a certificate is not filed~~ *not later than six months after the completion of the project. The failure to file a certificate of completion within the prescribed filing period shall be deemed a waiver of the exclusion for that year.*

(e) (1) Notwithstanding the provisions of subdivisions (a) and (b), where a tank must be improved, upgraded, or replaced to comply with federal, state, and local regulations on underground storage tanks, “newly constructed” and “new construction” does not mean the improvement, upgrade, or replacement of a tank to meet compliance standards, and the improvement, upgrade, or replacement shall be considered to have been performed for the purpose of normal maintenance and repair.

(2) Notwithstanding the provisions of subdivisions (a) and (b), where a structure, or any portion thereof, was reconstructed, as a consequence of completing work on an underground storage tank to comply with federal, state, and local regulations on these tanks, timely reconstruction of the structure shall be considered to have been performed for the purpose of normal maintenance and repair where the structure, or portion thereof, after reconstruction is substantially equivalent to the prior structure in size, utility, and function.

SEC. 2. Section 74.5 of the Revenue and Taxation Code is amended to read:

74.5. (a) For purposes of paragraph (4) of subdivision (c) of Section 2 of Article XIII A of the California Constitution, “newly constructed” and “new construction” does not include seismic retrofitting improvements and improvements utilizing earthquake hazard mitigation technologies, to an existing building or structure.

(b) For purposes of this section:

(1) “Seismic retrofitting improvements” means retrofitting or reconstruction of an existing building or structure, to abate falling hazards from structural or nonstructural components of any building or structure including, but not limited to, parapets, appendages, cornices, hanging objects, and building cladding that pose serious danger. “Seismic retrofitting improvements” also means either structural strengthening or providing the means necessary to resist seismic force levels that would otherwise be experienced by an existing building or structure during an earthquake, so as to significantly reduce hazards to life and safety while also providing for the substantially safe ingress and egress of building occupants during and immediately after an earthquake. “Seismic retrofitting improvements” does not include alterations, such as new plumbing, electrical, or other added finishing materials, made in addition to seismic-related work performed on an existing structure. “Seismic retrofitting” includes, but is not limited to, those items referenced in Appendix Chapters 5 and 6 of the Uniform Code for Building Conservation of the International Conference of Building Officials.

(2) “Improvements utilizing earthquake hazard mitigation technologies” means improvements to existing buildings identified by a local government as being hazardous to life in the

1 event of an earthquake. These improvements shall involve involve
2 strategies for earthquake protection of structures. These
3 improvements shall use technologies such as those referenced in
4 Part 2 (commencing with Section 101) of Title 24 of the California
5 Building Code and similar seismic provisions in the Uniform
6 Building Code.

7 (c) The property owner, primary contractor, civil or structural
8 engineer, or architect shall certify to the building department those
9 portions of the project that are seismic retrofitting improvements
10 or improvements utilizing earthquake hazard mitigation
11 technologies. Upon completion of the project, the building
12 department shall report the value of those portions of the project
13 that are seismic retrofitting improvements and improvements
14 utilizing earthquake hazard mitigation technologies to the county
15 assessor.

16 (d) In order to receive the exclusion, the property owner shall
17 notify the assessor prior to, or within 30 days of, completion of the
18 project that he or she intends to claim the exclusion for seismic
19 retrofitting improvements or improvements utilizing earthquake
20 hazard mitigation technologies. The State Board of Equalization
21 shall prescribe the manner and form for claiming the exclusion. All
22 documents necessary to support the exclusion shall be filed by the
23 property owner with the assessor ~~on or before the following April~~
24 ~~15 not later than six months after the completion of the project.~~

25 (e) The exclusion from “newly constructed” and “new
26 construction” under this section is not applicable to seismic safety
27 reconstruction and improvements that qualify for the exclusion
28 provided in subdivision (d) of Section 70.

29 (f) This section shall only apply to projects completed on or
30 after January 1, 1991.

31 ~~SEC. 2.—~~

32 *SEC. 3.* Notwithstanding Section 2229 of the Revenue and
33 Taxation Code, no appropriation is made by this act and the state
34 shall not reimburse any local agency for any property tax revenues
35 lost by it pursuant to this act.

36 ~~SEC. 3.—~~

1 *SEC. 4.* This act provides for a tax levy within the meaning
2 of Article IV of the Constitution and shall go into immediate
3 effect.

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